

I. Burma.

The Union of Burma is the great enigma of Southeast Asia. It is a bewildering country to most foreigners, an eccentric country even to some of its closest neighbors. Its motives are incomprehensible to many, and its actions infuriating to all. Defying convention, it has chosen seclusion and isolation as a way of life. The outside world, curious and concerned, has been turned away and 24-hour visas have become the rule rather than the exception. Until recently foreign journalists were banned completely from the country while tourists and businessmen were politely encouraged to turn their attention elsewhere. Yet as irrational as all this might seem, the Burmese Government regarded isolation as far more desirable than a measure of immediate prosperity. More to the point, the Ne Win Government was convinced from the beginning that immediate profits were a luxury the country could not afford, not if it cherished the desire to be master of its own house.

Today Burma is the indisputable master of its own house, and so in that respect the effort has been successful. In most other respects, however, the policy of independence at all costs has been a catastrophic failure. Production has declined tremendously, exports have dwindled to pathetic levels, and there are shortages of almost every major commodity. In better days Burma was the largest rice exporter in the region, and a major source for teak wood and precious gems. Today its rice exports have fallen by 80-90% and trade in the other commodities is far off

previous levels. Nevertheless the Burmese Government seems relatively satisfied that it has achieved its major goal of asserting Burmese pre-eminence on all levels of the economy and destroying the formidable economic power of the Chinese and Indians. These two groups previously controlled most of the important enterprises in Burma and seemed to symbolize--especially to the generals of the Burmese Army--the importance of the Burmese in their own country. These generals were even more disillusioned by the policies of the civilian government of the ever-popular U Nu, and criticized his policies endlessly. They were particularly against the adoption of Buddhism as a state religion while increasingly concerned with the lack of a firm policy against the Communist insurrectionists and the danger of several non-Burmese regions seceding from the Union.

Thus on March 2, 1962 the Army seized power and General Ne Win was installed as Prime Minister for the second time in less than a decade. He had previously held the office while presiding over a caretaker administration that had successfully and efficiently governed the nation from 1958-60. But this time with absolute power in his hands Ne Win and his associates began implementing a series of extreme socialist measures, although to ensure their title to power they immediately jailed U Nu and several thousand prominent civilians in the country who supported parliamentary democracy. Their second major move was to literally nationalize the country from the major enterprises to the small retail shops in an effort to break the foreign dominance over the economy. In 1962 foreign trade was nationalized, and in 1964 domestic trade was nationalized. In commenting on this development, Senator

Mike Mansfield recently observed:

The Burmese Government continues to go its own way as it has for many years. It is neither overawed by the proximity of powerful neighbors nor overimpressed by the virtues of rapid development through large infusions of foreign aid. Burma's primary concern is the retention of its national and cultural identity and the development of an economic system preponderently by its own efforts and along its own lines.

This almost passionate emphasis on "Burmanization" and the "Burmese way to socialism" can best be understood against the background from which contemporary Burma emerged. Under the previous colonial status, control of the machinery of the economy was divided largely among British, Chinese and Indians. Free enterprise in Burma meant, largely, foreign enterprise. For the most part, Burmese nations were, in effect, bystanders and subordinates in the development of their own country.

With the exception of agriculture, the economy of Burma is presently closely managed by the state. All economic activity has been nationalized, except farming and the operation of small buslines, taxis, restaurants, and small industrial enterprises. But to reiterate, where the state now exercises authority in the economy, it has replaced not so much Burmese private enterprise as a former alien dominance.\*

Unfortunately the Burmese Way to Socialism also gave birth to the black market, sometimes called Rangoon's "24th People's Shop" by the Burmese. The Government only runs 23 People's Shops in Rangoon, which is the point of this popular joke. On a more serious level, many Burmese maintain that far from eliminating the Chinese from private enterprise, the nationalization policies have provided the Chinese with even greater opportunities to make money. With so little available in the state stores, most Burmese have been forced to satisfy their needs by resorting to the black market which is supplied (if not controlled) in great part by the Chinese. Ne Win's Government has made several

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\*Perspective on Asia: The New U.S. Doctrine and Southeast Asia.  
Report of Senator Mike Mansfield to the Committee on Foreign Relations,  
United States Senate, (dated) September 13, 1969.

efforts to curb black market activities but they have all been unsuccessful. Equally unsuccessful had been the government's efforts to stimulate greater export production. The problem is not production itself but persuading the farmer to sell their produce to the state agencies. Rather than accept the low prices offered by the state the farmers have either disposed of their produce privately through the black market or simply stopped growing anything beyond their own immediate needs. Thus the price of rice, for example, has doubled since 1962, exports have declined from two million tons in 1960 to little more than 340,000 tons in 1968, while production has increased. A related case would be the longyi, the Burmese sarong which is the standard dress for most people in the country. In 1962, one longyi cost 8 kyats (1 kyat is equal to approximately 22 cents), today it costs 25 kyats. Moreover, between 1958 and 1968 the Burmese have endured a 100% overall increase in their cost of living. The foreign trade situation is even worse. One observer, in fact, remarked that Burma was doing a "breathtaking vanishing act on the stage of international commerce." Overall Burma's foreign trade had been cut by nearly 50% between 1962-1968.

In almost any other country economic conditions of this sort would have been sufficient incentive for massive riots against the Government, but the Burmese are not an easily excitable people. Joseph Lelyveld of The New York Times noted this characteristic in a report on a trip to Burma in late 1968.

Firmly convinced that everything in the world changes, that what goes up must come down, the villagers are more bemused by the army regime than resentful of it. Their attitude generally seems to be one of detachment, as if they were waiting only to see how it all comes out, without

worrying too much about whether they will gain or lose by the regime's rise or fall. This is something less than ideological fervor but it can be considered support of a kind.

...On the other hand, they are irritated by chronic shortages of cooking oil, cloth and other necessities. They also think the Government pays too little for the rice they grow. But there's the consolation of knowing that the Government won't or can't force them to sell their rice at that price, that they can go to the black market and do better. If worse comes to worse, they can eat it all themselves and not be troubled about raising more. Whatever an economist or development expert might say, the situation is tolerable, not really very different from what it has always been.\*

A good sense of humor has evidently carried the Burmese a long way but obviously the black market has been an even greater asset. Yet this widespread dependence on the black market has also resulted in systematic corruption throughout the Government and, indeed, throughout the society. Through sheer necessity the Burmese have been forced to invent dozens of gimmicks to beat the system and satisfy their basic material needs, distracting a large part of the nation from more important tasks. Government solutions, on the other hand, have consistently failed to remedy the situation, mostly because the top officials seem unwilling to admit their mistakes or the inadequacy of their socialist doctrines. Several of Ne Win's top aides and closest comrades are confirmed, almost extremist, socialists who seem determined to persevere on their present course and have probably been instrumental in frustrating some recent attempts to liberalize the Government's rigid economic policies. In 1967 many commodities (including rice) were decontrolled and allowed to

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\*Joseph Lelyveld, "Mandalay Must not become Indianapolis," The New York Times Sunday Magazine, January 5, 1969.

move at free market prices, but then in 1968 the movement of rice was again restricted and new warnings were issued on black market trading. There have been one or two other attempts, of a similar nature, in the past few years but each time the Government has retreated to its previous position against private enterprise in any form. Nevertheless, most Burmese seem to find consolation in the thought that the situation cannot get much worse and that foreign economic domination has been effectively eliminated. Now all they would like is a small measure of progress, although the prospects at this point for some improvement in the economy seem somewhat dismal.

The political situation is in an equally unhappy state for Ne Win has largely failed to solve any of his fundamental problems in this area. He is still opposed by many of the civilian politicians he ousted from power in 1962, then jailed and subsequently released in a liberalization move in 1966. Led by former Prime Minister U Nu, some of the politicians have been demanding a return to parliamentary democracy, which is anathema to the Burmese military who feel this would inevitably lead to widespread chaos and increased guerrilla activities. What made many of these demands so ironic, however, was that they were presented from a platform provided by Ne Win himself. As part of his political liberalization campaign, and in an attempt to attract more popular support for his government, he announced the creation of a National Unity Advisory Board (NUAB), composed of 33 major Burmese politicians including U Nu. The Board was instructed to submit "advice on the means of building a national unity that would benefit the politics, economics, social and nationality affairs of the working people of Burma." Ne Win had

also hoped the NUAB would submit a single document but U Nu was not to be denied this opportunity to publicize his views.

After his release from prison in late 1966, U Nu had gone into relative seclusion saying he would write a colloquial history of the Burmese people. But by 1968 he was traveling throughout the country lecturing on Buddhism, attracting fantastically large crowds wherever he spoke. His religious devotion was, of course, unquestionable but many observers noted that the speaking tour was providing him with excellent exposure--a fact that would certainly be noted in Rangoon. Ne Win did indeed recognize the political consequences of the speaking tour and this was certainly one of the major factors that prompted him to suggest the possibility of an "early liberation of Burma's politics" while noting the necessity for drafting a constitution. In reply, U Nu declared (in November 1968) that "nothing short of a return to parliamentary democracy will satisfy me if they want my support." A few days later U Nu wrote Ne Win and repeated a previous proposal that civilian rule be restored and even suggested that Ne Win remain in power, if he so wished, as long as he legitimized his position. U Nu considered Ne Win's claim to power as highly questionable which did nothing to improve the relationship between the two men. Nevertheless, on November 29th, Ne Win called on U Nu and 32 other formerly jailed political leaders to serve on an NUAB.

Once the Board had been formed U Nu almost immediately began issuing one controversial proposal after another. On December 30th U Nu called for the establishment of an interim government headed by himself, and the resignation of Ne Win but only so he could be elected as the new

legitimate "President" of Burma. U Nu also called for the restoration of parliamentary democracy along the lines that were followed during his own administrations. U Nu formally submitted this proposal to Ne Win in February well before the entire Board's recommendations were finally presented on June 2nd. U Nu and his former colleagues were in basic agreement, or at least a majority of them were. Twenty-one of the remaining Board members supported U Nu's call for a return to parliamentary democracy but at the same time they did not consider U Nu indispensable to a solution to Burma's problems--as U Nu clearly did. Also, they were convinced any recommendations along these lines would be ignored if Ne Win was forced to concede the illegitimacy of his rule--something which U Nu had demanded in his earlier proposal.

But far from discouraged, U Nu returned to his Buddhist lectures only to gradually realize he was in danger of being imprisoned again. So feigning illness he managed to leave Burma and by late August 1969 he was in London where he issued his major challenge to the Ne Win Government. Speaking at a well-publicized press conference, he declared "Prime Minister U Nu hereby calls upon General Ne Win to relinquish the power which he has illegally usurped. If General Ne Win ever thought that he and he alone possessed the wisdom to rule Burma, events of the past seven years have proved him totally wrong. The Burmese people now know that a dictatorship, serving the paranoid aggrandisement of one man, is facism."

There were some who questioned the wisdom of U Nu's self-imposed exile and maintained that Ne Win was far more flexible than U Nu thought. For one thing, even though Ne Win had rejected U Nu's proposal he had still not commented on the majority report from the Board which recommended

virtually the same thing. Moreover, by removing himself from the Rangoon political scene U Nu would be somewhat isolated from the mainstream. So if his intention is to instigate a revolution he will now have to do it from a distance, further reducing his chances of success. And by himself in Bangkok (where he will live) his power will be limited, especially since most of his supporters are naturally in Rangoon and throughout Burma. For that matter, there is some question as to the real extent of his political power. Could he, for example, translate his considerable popularity throughout the country into sufficient strength to seriously challenge the Ne Win Government. To do this he would most probably need the support of many of his former colleagues but their feelings may have been reflected by their actions on the NUAB. Nevertheless in Bangkok he may still be able to exercise considerable influence on events at home by serving as a formidable rallying point for the Burmese political exiles who are gathered there and for the various minorities who have been fighting Rangoon since 1948 for their autonomy. By himself, in fact, U Nu may possibly be relatively powerless but if he can unify the various minorities he will be well on his way back to power.

The minorities have actually been Burma's major political problem since independence in 1948 when the first rebellion of these tribes occurred. Today the situation may even be worse. There are large areas of Burma where the Rangoon Government has little or no control, at least for part of the day, somewhat like the situation in Vietnam. There are also occasional ambushes of Government patrols that do venture into the tribes' areas and there have been major clashes from time to time. Attempts at reconciliation have always failed because the tribes have demanded far

more power over their own affairs than Rangoon is willing to cede. At stake, of course, is the unity of the country, although no solution to the problem seems imminent.

What makes the minorities' problem even worse is the Communist influence over the Kachins in the north. Most of the minority tribes have kept their distance from the Communists realizing that their interests would inevitably be subordinated to the Communists' objectives even if a cooperative venture could be arranged. One branch of the Kachins, however, has frequent contact with the Chinese just across the border while a much smaller group of Chinese-trained Kachins were sent back into Burma in 1967 to form the nucleus of what has been called the Northeast Command. The creation of this group has perhaps been the most ominous development in Burma in the past two years.

Perhaps the greatest strength of this group is its multi-racial recruiting policy which has given the command unprecedented operational flexibility and political appeal. To be sure, the Kachins are still the largest racial minority in the command and fill many of the top leadership posts, but there are also recruits from the Shans, other hill people and ethnic Chinese. The Command is led by a Burmese Kachin named Naw Seng who lived in exile in China from 1949-1967 when he infiltrated back into Burma with a trained band of 300 men. According to one report,\* the Command now numbers between 1000-3000 men and may be slated as the eventual replacement for the Burmese Communist Party (BCP or better known

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\*Anthony Polksy, "Threatening Command," Far Eastern Economic Review (Hong Kong), September 26, 1968. This report is known to have reflected the results of an intensive official U.S. Government study of Sino-Burmese relations, and the conclusions presented in this report parallel the conclusions and observations made in the official document.

as the White Flags), whose effectiveness has been seriously compromised by internal political problems and several major setbacks at the hands of the Government.

The Party's major problem, however, was actually the Cultural Revolution which exposed it to impossible ideological pressures. Under the influence of extremist White Flag cadres just returned from China, the Party was forced to abandon its traditionally cautious strategy and engage in a brutal, vicious "purification" purge of its own members and followers. Peasants in the area who had supported the Communists for years were terrorized and executed, while hard-core members of the Party were unmercifully killed, in some cases by their own sons and daughters. Even the Party's politbureau suffered. Three members of the eight-man group lost their lives in the horrible bloodbath while their leader, Thakin Than Tun, stood by. Initially he had supported the purge, presumably feeling it was best to follow the latest ideological trends or perhaps simply because he was unable to resist the pressure from young fanatical cadres. Conceivably he was not totally unhappy to use these zealots to remove potential political rivals. Whatever the reason, he was finally forced to stop the suicidal destruction of the Party by launching a bloody purge, in reverse, of the young fanatics. By that time, however, it was already too late.

The brutal terrorist activities of the young "Cultural Revolutionaries" had alienated many of the peasants in the surrounding area who had turned to the Government for help. Government forces reacted quickly and with the intelligence provided by the villagers they destroyed the main headquarters of the White Flags on September 19, 1968. Five days

later, Thakin Than Tun, the old Burmese independence fighter and Communist revolutionary, was dead--another victim of the Cultural Revolution. His assassin was a 22-year-old Chin national (another of the minority tribes in Burma) who was incensed by Thakin's execution of several of the student leaders and feared he might be next on the list. Thakin's death left the group virtually leaderless and since then the White Flags have virtually disappeared from view with their survival in serious doubt.

Whether the Northeast Command will be able to take its place is naturally a major topic of discussion in Rangoon. But perhaps the more interesting question is whether the Northeast Command has any greater chances for success than the White Flags. Although the White Flags did indeed survive for some 20 years, causing the Burmese Government considerable trouble in the process, they were never really able to mount a serious challenge to the Ne Win administration. On the surface, however, it would seem that the Northeast Command should be able to do considerably better by exploiting their support from the various major minorities such as the Kachins and the Shans. Theoretically this would seem to be the case, but the actual situation suggests this may not be so.

Success or failure in Burma may well be determined by the ability of either the Communists or the Ne Win Government to unify the country. The minorities represent approximately 20-30 per cent of Burma's 25 million people and both sides have long recognized that their support would be critical in any serious struggle for power. Thus the Chinese-supported guerilla groups have tried consistently since 1948 to unite the minority tribes under the Communist banner, but without much success. The Ne Win Government has made similar efforts and achieved similar results, but of

course the Government has the firm support of most of the Burmese while the Communists have no real assurance of support from any major group except their Chinese mentors across the border. And in the current situation the Communists are faced with exactly the same problem as before. Though they have some support from the Kachins, the available evidence suggests it is neither extensive or widespread. For one thing, the Kachins are seriously divided among themselves. Only one of the three brothers who lead the Kachins is friendly with the Chinese and there is no indication whether the Chinese have been able to prevail on him to support the Northeast Command, which represents a potential challenge to his political power. Even assuming that such a relationship did exist, this would still represent only a minority of the Kachins, who are in no position to impose their will on the other minorities in any case, while these other minorities see no possibility for any useful cooperation with the Communists and for obvious reasons. In other words, Burma (like India) may be protected from Communist subversion, as long as it remains reasonably alert, by its own diversity and disunity.

But this is not to say that the threat of Chinese-inspired subversion is to be discounted completely or that the Chinese themselves will lose heart and withdraw their support. In fact, the opposite seems to be the case. Since mid-1967 when Sino-Burmese relations disintegrated (another byproduct of the Cultural Revolution), the Chinese threat has become even more menacing despite some attempts by both nations to repair the damage. According to the report previously cited on the Northeast Command, the nature of Chinese support for the Command suggests that while the Chinese will try to "normalize" their relations with the Rangoon Government they

will also continue to support the Northeast Command covertly, thus relieving Peking of the burden and embarrassment of publicly aiding a rebellion against Ne Win. Again covertly, it will certainly maintain its contacts with the Chinese community in Burma which still retains considerable economic power in Burmese society. In 1966, for example, the Burmese closed down the Bank of China for its extensive financial support of Chinese pawnbrokers and opium den operators. The Burmese suspected the Chinese of trying to subvert the country by loan-sharking and drug addiction. However the Chinese ability to subvert Burma will not only be determined by the country's internal weaknesses and vulnerabilities but also by the priorities of Chinese foreign policy. For the past year, the Chinese have been so obsessed with their conflict with the Russians that they have given relatively little attention to other foreign policy issues such as Burma. At the moment Burma is a relatively cheap operation that virtually runs itself and because of the Sino-Soviet conflict the Chinese may be content to leave it that way for some time to come.

In the final analysis the most serious threat to Burmese stability may well be the widespread internal dissension. The minorities, as always, are restless and it is at least conceivable that some Burmese politicians, perhaps even U Nu himself, may be able to create an alliance of these minorities, that could mount a most effective challenge to the Government. Ne Win's strength, after all, is not really based on his own power but rather on the weaknesses and disunity among his enemies and opponents. How long this situation will last is, of course, the critical question.

An effective, well organized opposition should be able to rely on significant support from the hard-pressed population which has suffered the most under Ne Win's Government. Burma today is virtually a police state with extensive restrictions not only on free enterprise but also on personal liberties. Burmese law, for example, prohibits anyone from staying away from his house overnight without first registering with the police. In addition, press censorship is total and until just recently there were several thousand politicians residing in Burmese jails. Gambling that he could win their support, Ne Win released almost all of them. But if he ultimately fails to win their support, and they can manage to form some sort of cohesive opposition, Ne Win will be in very serious trouble. Ne Win undoubtedly realizes this for he has always seemed to regard domestic political opposition as his greatest problem rather than the threat from roaming Communist guerilla bands in the north.

But should Ne Win actually be ousted at some point in the future the successor government may well favor a form of parliamentary democracy and more rational economic policies, if the results of the NUAB is any accurate reflection of the temper of the nation. Among the other possibilities, however, is another extreme socialist government that would try to improve relations with China, arguing that this had become impossible for Ne Win after his bitter disputes with the Chinese in 1967-68. On the other hand, Ne Win's successor could be another military man who will seize power on the pretext of saving the nation from the danger of ineffective civilian rule. The Communist presence would probably be somewhat exaggerated to justify that claim. But it is equally conceivable that power may pass peacefully for the Burmese are not essentially a

violent people. They have none of the fanatacisms of the Moslems in Indonesia or the bitterness and hatred of the colonialized Vietnamese. Moreover, Ne Win seems wise enough to realize when he can no longer stay in power without considerable bloodshed, and he does not really seem to fit the classic image of a bloodthirsty dictator.

Nevertheless the fact remains that Ne Win is still far stronger than any of his potential opponents, while his administration has not been entirely ineffective. Besides eliminating the Chinese and Indians from major roles in the Burmese economy, he has to a great extent carried off his attempt to firmly establish Burma's neutrality. He has been completely impartial in his relations with both the West and the East without really losing the support of either. The dispute with China was admittedly significant but under normal circumstances it would most likely never have occurred, for the Chinese seem reasonably interested in normal state-to-state relations with the Burmese. Furthermore, neutrality has been beneficial for Burma, giving it the opportunity to prepare itself and reconcile itself to the hostile outside world. Under almost any circumstances, modernization is a traumatic experience. The Burmese understand this, accept the inevitability of it and, through neutrality and isolation, are only trying to soften the blow. For these reasons, almost any Burmese government would be obliged to follow very much the same policy in order to preserve the stability of the nation. Thus far Burma has been spared the agonies of violent anti-western feeling that has erupted in countries like Indonesia, Vietnam and even the Philippines and Thailand. They are trying to undergo the process as peacefully as possible with the least damage to the nation's morale. And perhaps this

is the key to Burma's basic stability since independence in 1948. Isolated and remote, Burma has been afflicted with few of the terrifying anxieties of the modern world. But if the barriers between Burma and the outside world are broken down too soon, before the nation is fully prepared to meet the world (and especially the western world) on relatively equal terms, the results could be tragic.